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U.S. Department of Agriculture

Briefly Speaking

B. Sp. No. 12 December 28, 1939

The Farmer and Foreign Trade

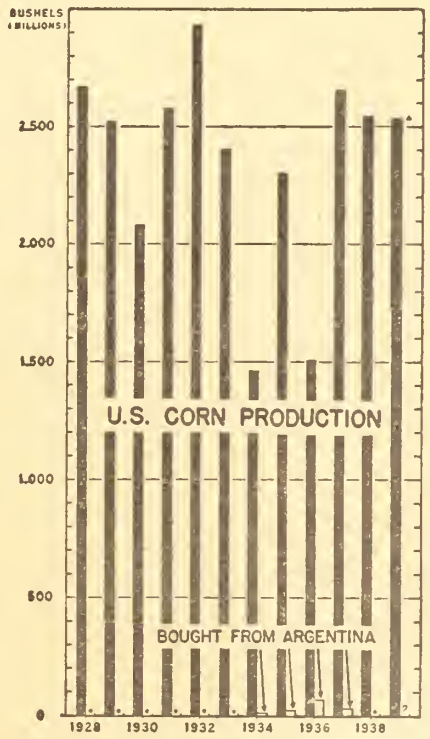
Barriers Up, Trade Down

* * * trade barriers, combined with the general raising of tariff levels throughout the world, dealt a body blow to international trade. Its volume and its value fell spectacularly. Between 1929 and 1932 the value of American exports fell from $5,157,000,000 to $1,576,000,000. The value of our cotton exports fell by 55 percent, of meat products by 76 percent, of automobiles and parts by 86 percent, and of wheat and flour by 73 percent.—*Francis B. Sayre, Department of State Publication No. 1327.*

Barriers Down, Trade Up

Exports of United States farm products to the 16 (trade agreement) countries rose by 102 million dollars or 55 percent from the fiscal year 1935–36 (when only 3 of the agreements were in effect throughout the year) to the fiscal year 1937–38. Farm exports to all other countries rose by only 20 million dollars or 3 percent for the same period.—*The Agricultural Situation, December 1938.*

U. S. CORN PRODUCTION AND IMPORTS FROM ARGENTINA



*Imports so small that if drawn to scale would not show on this chart.
△Preliminary.

Argentine Corn

No Argentine imports have been received in recent months at the ports of New Orleans, San Francisco, and Seattle. Small amounts, chiefly popcorn and "cinquantino," have been received at New York and Boston.

"Cinquantino" is a special type of Argentine corn used principally to fatten and condition show birds. Domestic fanciers favor it above all domestic types for pigeons, for that reason pay a premium for the Argentine corn. Grain importers, the same survey revealed, declare that the prevailing duty of 25 cents per bushel makes Argentine corn prohibitive for ordinary commercial purposes.—*A. A. A. Information for Committeemen, November 1939.*

▶ From 1935–36 to 1937–38, total farm imports from the 16 countries with which trade agreements were in effect by August 1937 decreased by 3 percent, while those from all other countries increased by 4 percent.—*The Agricultural Situation, January 1939.*

Agriculture's Stake in World Trade in 1940

The year 1939 was one of many achievements for farmers.

In 1939 farmers had the first full year's use of the Farm Program authorized by Congress in 1938. To more farmers than ever before, this National Farm Program became a way toward better income, a stabilized agriculture, and conservation of the soil. Farmers again provided abundance at fair prices for the Nation. Their wise management of the soil assures consumers of plenty in the years to come. For the farmers themselves, higher prices and the payments and loans of the program have increased the returns from their labor. Our export position in wheat and cotton has been strengthened by the special programs which came into full operation in 1939.

The year 1940 holds even greater opportunities for agriculture to advance under the A. A. A. program. At the same time, the year ahead presents many problems growing out of world conditions. European ten-

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sion has given way to outright war. Only the protection of the Farm Program stands between farmers and the full violence of the world economic storm which arose even before the conflict itself began.

War hurts trade, but we know that our trade has suffered immeasurably from the crippling tariffs, quotas, barriers, and the recriminations growing out of our tariff policies. Many of our internal economic problems trace to the destruction of world trade. No one can estimate the full cost to farmers alone of the restrictions placed on exchange of goods.

American farmers will support the efforts which our country and others may undertake to promote a real, lasting world peace and fair trade between nations. Only from the exchange of each nation's surpluses for those of others can the people of the world have better standards of living.

It will require many nations working together to untangle the world confusion. Meanwhile we must maintain our trade with other nations through the special export programs and Trade Agreements, and continue to forge a stronger shield with our Farm Program. In so doing we shall go forward to greater security in 1940.—*R. M. Evans, Administrator, A. A. A.*

Farm Exports

Acres Gained

The reciprocal-trade-agreement program previous to September 1, 1939, had helped the foreign demand for wheat, flour, lard, fruits, and tobacco to a point which represented a market for perhaps 5,000,000 acres of American farm land.—*Secretary Wallace, in the New Republic, November 8, 1939.*

Need for Trade

Disposition of surpluses is one of the fundamental problems which we face today. America is geared to produce more of certain staple and other commodities than we can consume. In normal years the Nation must depend upon international markets for three-fifths of its cotton crop, a fifth of its wheat, two-fifths of its leaf tobacco, a third of its lard, a third of its rice, almost half of its dried fruit, as well as enormous quantities of industrial products. Elimination of foreign markets, speaking in round numbers, would mean the retirement or diversion to other uses of approximately 7,800,000 acres of wheat land, some 15,600,000 acres of cotton land, some 695,000 acres of tobacco land, and some 5,700,000 acres of corn land needed primarily for raising hogs. With land required for producing other export crops, seed, and feed for work stock, we should have to retire or find some other use for more than 40 million acres of farm land.

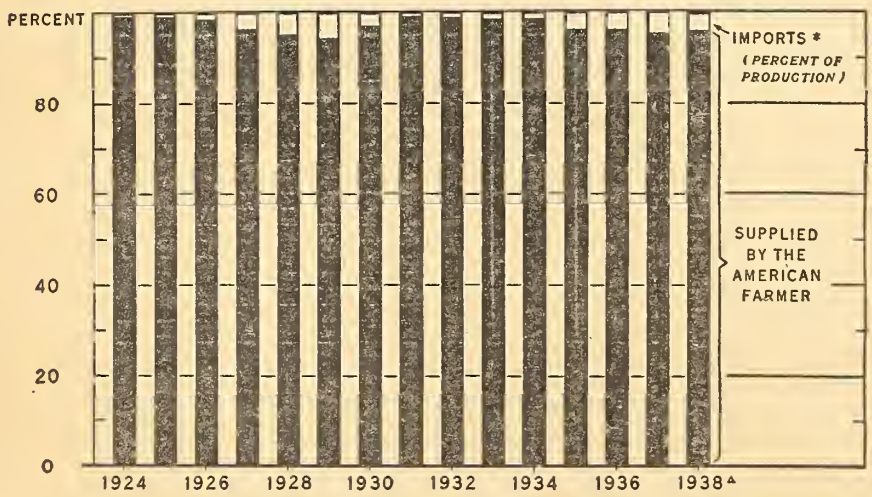
In addition, every loss of a foreign market means reduced employment, reduced purchasing power, economic dislocation and suffering in America. When sales abroad of a farm product are curtailed, not only are growers, farm laborers, processors or handlers, and transport workers thrown out of work, but the markets at home are flooded with unsalable surpluses and prices are driven down to levels which work disaster among the growing regions. Strip our export industries of foreign markets and you drive millions of Americans out of the only forms of employment by which many of them can live, and seriously affect the prosperity of millions of other Americans through the curtailment of domestic markets.—*Adapted from State Department Press Releases, May 20, 1938, and May 23, 1939.*

Export Outlook

The principal United States farm commodities for which effective export demand is expected to be greater in 1940 than in 1939 are lard, pork, and certain canned and dried fruits. Those for which it probably will be less are fresh fruits, tobacco, and feeds.—*The Demand and Price Situation, BAE, November 16, 1939.*

▶ United States exports of potatoes to Canada have shown a steady increase during recent years. Under the new Canadian Trade Agreement the former import duty of 75 cents per 100 pounds was lowered to 37.5 cents per 100 pounds and applied only to United States potatoes entering Canada from June 16 to July 31. United States exports from January through September totaled over three times as much as in the corresponding months of 1938.—*Foreign Crops and Markets, November 4, 1939.*

THE AMERICAN BEEF PRODUCER HAS HIS HOME MARKET



Beef Baron. In his home market the American beef producer still reigns supreme. Even in recent years of good prices, when the market sucked in supplies from other countries, imported live cattle and dressed or canned beef remained less than 5 percent of United States production. At their peak in 1928 and 1929 imports were only 5 and 5.7 percent of domestic production, respectively. Drought and high prices accounted for a higher share of imports—4 percent in 1935, 4.1 in 1936, 4.9 in 1937, and 4.2 in 1938—than in the years 1932–34, when there was large domestic production and low prices distressed producers.

*Imports for consumption; includes veal. △Preliminary.

Latin-American Trade

About half of the export trade to Latin America that was lost between 1929 and 1932 had been regained by the end of 1937, though the recession of 1938 diminished the gain somewhat. United States exports to the 20 Latin-American countries totaled 902 million dollars in 1929, about 193 million in 1932, and 570 million in 1937—490 million in 1938. This increase in exports to Latin America was relatively greater than the increase in our exports to the rest of the world. However, Latin America takes only about one-fifth of our total exports

Farm Exports. Recent years have brought increases in United States agricultural exports to Latin America, from 38 million dollars in 1932 to approximately 53 million in both 1937 and 1938. Approximately four-fifths of these exports go to Cuba, Mexico, Panama, Venezuela, Argentina, Colombia, and Brazil. Cuba, largest customer, takes flour, lard, fruits and nuts, rice, meats, and certain vegetables, particularly potatoes.

All Imports. Imports from 20 Latin-American countries which represent one-fifth of our total imports from all countries, were 447 million dollars in 1938, well below the 1929 high of 1,014 million dollars, although above 1932's low of 323 million. The increase since 1932 is less than half the increase in our exports to Latin America for the same period.

Farm Imports. Latin-American agricultural products imported into this country are about equally complementary (coffee, bananas, cocoa, sisal and henequen, wool of a special type for carpet making, rubber, and spices) and supplementary (sugar, vegetable oil seeds, cattle hides, dutiable wool, unmanufactured tobacco, meat and meat products, molasses, vegetables, and vegetable preparations). Two-fifths of the total value is represented by our sugar imports. Cuba and Argentina are the leading suppliers of supplementary products for the United States market.—*Digest from The Agricultural Situation, February 1939.*

▶ The trade between United States and Canada outranks that of any other two countries in the world.—*W. Bruce Silcox, Extension Service, December 10, 1938.*

Farm Imports

Imports for 1938

For 1938—the last full year available, and a year in which most of the abnormality in the import figures arising from the cumulative effects of the droughts of 1934 and 1936 had disappeared—of the total imports of agricultural, or so-called agricultural, products, amounting to $956,000,000, more than half consisted of things like rubber, coffee, silk, etc., which are not even produced in the United States. Among these items were $138,000,000 worth of coffee; $130,000,000 of crude rubber; $89,000,000 of raw silk; $29,000,000 of bananas; $20,000,000 of cocoa beans; $18,000,000 of tea; $13,000,000 of carpet wool; and $10,000,000 of sisal and henequen (mostly for binder twine).

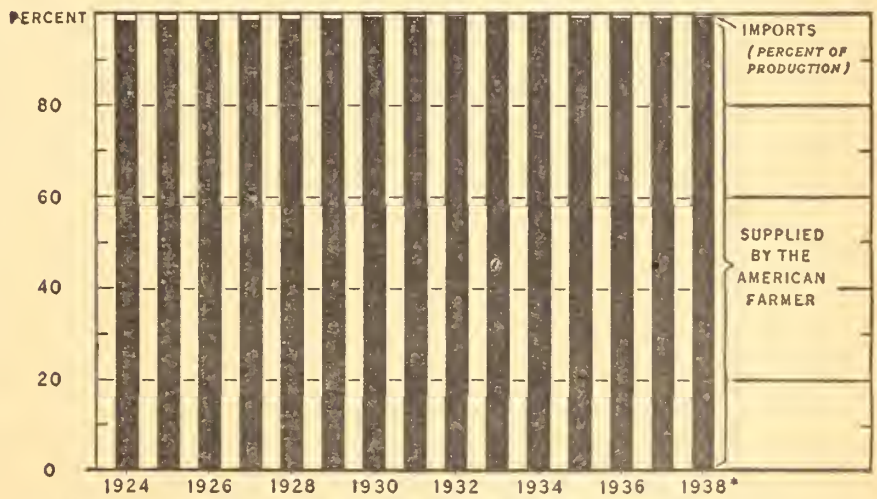
With respect to the remainder of our 1938 imports of agricultural products we find: That they consist of commodities of a type which we do not produce in sufficient quantities, despite high tariffs on most of them, to meet our own requirements; and second, that, in very considerable part, they consist of products imported because of seasonal, quality, or other special factors.—*Secretary of State Hull in letter to Senator Capper of Kansas, November 7, 1939.*

Why Imports Rise

The significance of changes in the volume of imports of agricultural, or so-called agricultural, products from year to year is in need of clarification. It is easy to attach a completely false significance to the rise of such imports from $668,000,000 in 1932 to $956,000,000 in 1938, meanwhile conveniently ignoring the fact that farm income, after reaching its lowest ebb in 1932, had increased, between 1932 and 1938, by almost three billion dollars. It is easy to neglect pointing out that in 1929 we brought in from abroad $2,218,000,000 of such products; so that, on the theory that the volume of farm imports governs farm prosperity, agriculture should have reached the very bottom of depression in 1929, instead of which it reached bottom in 1932.—*Secretary of State Hull in Letter to Senator Capper of Kansas, November 7, 1939.*

▶ The total supply of feed now in sight or in prospect is unusually large, probably the second largest since 1921. It is also unusually large in proportion to the number of livestock to be fed.—*The Agricultural Situation, November 1939.*

THE AMERICAN DAIRYMAN HAS HIS HOME MARKET



Trickle. Compared to the total producton of domestic producers, the quantity of dairy products imported in 1938 and preceding years is only a trickle, or about ½ of 1 percent of the total annual output of United States farms. In 1938 about 531 million pounds of dairy products were imported, far less than the annual average imports of 1,312 million pounds for the 1924–29 period. (Domestic production averaged 96,630 million pounds during 1924–29, and rose to 109,981 million pounds in 1938.) Special and fancy cheeses for the luxury trade and a small amonnt of fresh milk and cream from Canada are the principal products in this trickle of imports.

*Preliminary.

COMMODITIES

Stamp Plan Commodities

Pork products, rice, oranges, grapefruit and hominy grits have been added to the list of commodities obtainable with the blue surplus food order stamps under the Stamp Plan. Authorization for the Federal Surplus Commodities Corporation to buy surplus lard and certain cuts of salt pork under its direct purchase and relief distribution program is another step to provide farmers with a still broader market.

Commodities on the complete list as revised, December 15, 1939, are:

Apples.
Butter.
Corn meal.
Dried prunes.
Dry beans.
Eggs.
Fresh pears.
Grapefruit.
Hominy grits.
Onions (except green onions).
Oranges.
Pork products (including lard).
Raisins.
Rice.
Wheat flour and whole wheat (graham) flour.

United States Department of Agriculture Press Release No. 982–40.

Australian Wheat Difficulties

Australian wheat growers have demanded more liberal assistance from their Government in marketing the 1939 wheat crop which is now being harvested and is estimated at around 180 million bushels. The guaranteed price of the Wheat Board is at present 3s. per bushel (equivalent to about 45 United States cents) for sacked grain; of this amount about half is to be advanced when the wheat is delivered and the balance paid in April. Many growers, however, are reported asking for an advance of 30–35 cents or more and a guaranteed price of at least 3s. 6d. (about 53 cents). The Australian Government has announced plans to purchase, or handle, all domestic wheat marketed for the duration of the European war through a compulsory wheat pool. The high price which England is paying her own producers along with subsidies for plowing up pastures and planting wheat, and the relatively low world price she is paying Empire producers who are now allied with her in the European war is also considered unfair by many farmers of Australia and Canada.—*Report from Office of Foreign Agricultural Relations, December 1, 1939.*

Wheat Loss Claims

One out of four farmers who insured their 1939 wheat production under the Federal crop insurance program has received an indemnity for unavoidable crop loss.

In 1939 crop insurance was in force on approximately 7,600,000 acres in 31 States * * *. The 1939 wheat yield in these States as a whole was 10 percent below the average yield of the insurance base period, 1926–35. Settlement for some crop losses has been made in each of the 31 States.

Losses were particularly extensive and severe in five of the States where the largest acreage was insured—Nebraska, Kansas, Oklahoma, Texas, and South Dakota. In this group of States the Corporation estimates that the 1939 yield was 13.5 percent below the average for the insurance base period, largely as a result of drought. These States included 37 percent of the national insured acreage, and the 24,899 claims originating from growers in this area have resulted in 59 percent of the total number of indemnities and 73 percent of the total bushels of indemnities paid. Nearly half the insured growers in these five States suffered losses which entitled them to receive indemnities.—*United States Department of Agriculture Press Release No. 803–40, November 5, 1939.*

Prices and Consumption

The amount of tobacco consumed has little relation to the price paid farmers for the crop. This is because the farmer's price is so small a part of the consumer's price for tobacco products. For example, the tobacco contained in a 15-cent package of cigarettes will return the farmer about 1½ cents when tobacco averages 20 cents a pound, or ¾ cent when tobacco averages 10 cents a pound. Thus, a low price to the farmer will not cause an increased consumption of tobacco. This was forcefully illustrated during 1930, 1931, and 1932, when Burley tobacco prices dropped to around 10 cents a pound. Burley consumption actually *decreased* in that period.—*W. G. Finn, Director, East Central Division, A. A. A., at Lebanon, Tenn., November 2, 1939.*

Current Comment

Acreage Goals

In 1935, 1936, and 1937 the agricultural college people of every State were asked to submit the estimates of the total acreage of the various soil-depleting crops and the total acreage of all soil-depleting crops which would permit carrying on a sound soil program. At the same time, county planning committees were asked to submit similar estimates. * * * For all crops, except cotton, practically the same or less acreage was recommended by these two groups than are included in the goals under the 1940 agricultural conservation program.

The average of the recommendations of these groups was 275 million acres of total soil-depleting crops. The goal of the Agricultural Adjustment Administration for 1940 for all soil-depleting crops is from 270 to 285 million acres. The total of wheat recommended was roughly around 55 million acres, while the A. A. A. goal for wheat for 1940 is from 60 to 65 million acres. The recommended acreage for corn was approximately 88 million acres and the A. A. A. goal for 1940 is between 88 and 90 million acres. Tobacco figures show a similar trend. Only cotton has a smaller goal for 1940 than the goal recommended by these groups. It should be remembered that the yields of both corn and cotton have increased greatly during the past 2 or 3 years since this survey was made.—*Claude R. Wickard, Director, North Central Division, A. A. A., in address at Chicago, Ill., December 5, 1939.*

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen and others cooperating in the administration of the A. A. A. programs.

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